

IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION

INCOME TAX REFERENCE NO.732 OF 1998

The Commissioner of Income-tax,
Bombay City - I, Bombay .. Applicant.
V/s.
Universal Textiles P. Ltd. .. Respondent.
Mr.A.S. Rao i/b. Mr.Pankaj Kapoor for the petitioner.

**CORAM : V.C. DAGA &
J.P. DEVADHAR, JJ.**

DATED : 5TH APRIL, 2005.

P.C. :

1. Heard the learned counsel for the applicant.
The Tribunal has referred the question for the
opinion of this Court reading as under :-

Whether in the facts and in the circumstances
of the case, the Tribunal was right in law in
holding that the disallowance out of
expenditure incurred on salary and
perquisites to employee-directors should be
made under the provisions of sec. 40(c) of
the I.T. Act, 1961 and not under section
40A(5) of the Act ?

2. The above question has already been answered
by the Division Bench of this Court in the case of
**CIT V/s. Hico Products Pvt.Ltd. (No.1) [(1993) 201
I.T.R. 567 (Bom)]** in favour of the assessee and
against the revenue. In this view of the matter,
question stands answered in affirmative for the
reasons stated in the case of Hico Products (P) Ltd.
Reference, accordingly stands disposed of with no
order as to costs.
